

By: Bettencourt, et al.

S.B. No. 516

A BILL TO BE ENTITLED

AN ACT

relating to increasing the period of time for exempting freeport goods from ad valorem taxation.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 11.251(e), (g), and (k), Tax Code, are amended to read as follows:

(e) In determining the market value of freeport goods that in the preceding year were assembled, manufactured, repaired, maintained, processed, or fabricated in this state or used by the person who acquired or imported the property in the repair or maintenance of aircraft operated by a certificated air carrier, the chief appraiser shall exclude the cost of equipment, machinery, or materials that entered into and became component parts of the freeport goods but were not themselves freeport goods or that were not transported outside the state before the expiration of 365 [~~175~~] days, or, if applicable, the greater number of days adopted by the taxing unit as authorized by Subsection (1), after they were brought into this state by the property owner or acquired by the property owner in this state. For component parts held in bulk, the chief appraiser may use the average length of time a component part was held in this state by the property owner during the preceding year in determining whether the component parts were transported out of this state before the expiration of 365 [~~175~~] days or, if applicable, the greater number of days adopted by the taxing unit as

1 authorized by Subsection (l).

2 (g) If the property owner or the chief appraiser  
3 demonstrates that the method provided by Subsection (d)  
4 significantly understates or overstates the market value of the  
5 property qualified for an exemption under Subsection (b) in the  
6 current year, the chief appraiser shall determine the market value  
7 of the freeport goods to be exempt by determining, according to the  
8 property owner's records and any other available information, the  
9 market value of those freeport goods owned by the property owner on  
10 January 1 of the current year, excluding the cost of equipment,  
11 machinery, or materials that entered into and became component  
12 parts of the freeport goods but were not themselves freeport goods  
13 or that were not transported outside the state before the  
14 expiration of 365 [~~175~~] days, or, if applicable, the greater number  
15 of days adopted by the taxing unit as authorized by Subsection (l),  
16 after they were brought into this state by the property owner or  
17 acquired by the property owner in this state.

18 (k) Property that meets the requirements of Article VIII,  
19 Sections 1-j(a)(1) and (2), of the Texas Constitution and that is  
20 transported outside of this state not later than 365 [~~175~~] days, or,  
21 if applicable, the greater number of days adopted by the taxing unit  
22 as authorized by Subsection (l), after the date the person who owns  
23 it on January 1 acquired it or imported it into this state is  
24 freeport goods regardless of whether the person who owns it on  
25 January 1 is the person who transports it outside of this state.

26 SECTION 2. This Act applies only to a tax year beginning on  
27 or after the effective date of this Act.

1           SECTION 3. This Act takes effect January 1, 2016, but only  
2 if the constitutional amendment proposed by the 84th Legislature,  
3 Regular Session, 2015, extending the number of days that certain  
4 tangible personal property to be transported outside of this state  
5 is exempt from ad valorem taxation is approved by the voters. If  
6 that amendment is not approved by the voters, this Act has no  
7 effect.